

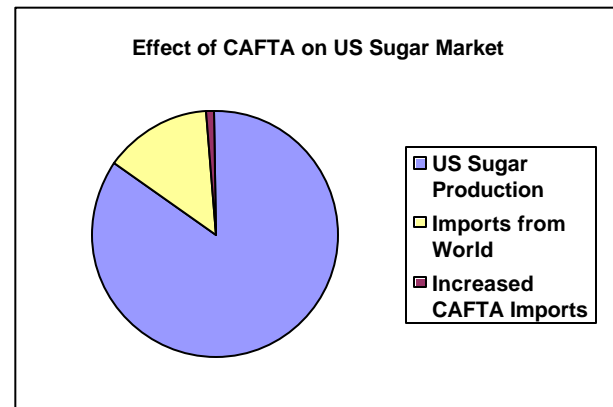
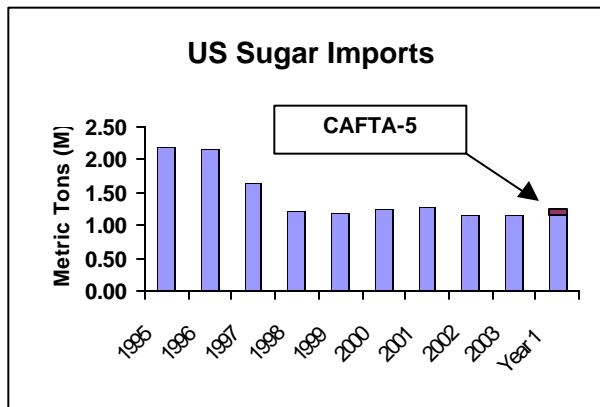


Trade Facts

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Washington, DC 20508

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Sugar: Putting CAFTA Into Perspective



- Increased sugar market access for Central American countries in the first year under CAFTA amounts to about **one day's** production of the U.S. sugar industry.
- In the first year, increased sugar market access for Central American countries under CAFTA will amount to **about 1.2 percent of U.S. sugar production**, and **about 1.1 percent of U.S. sugar consumption**. This will grow very slowly over fifteen years to about 1.7% of production and 1.6% of consumption by year 15. Sugar imports have declined by about one-third since the mid-nineties. CAFTA would not even come close to returning U.S. imports to those levels.
- Tariffs on sugar would **not be changed** under CAFTA. The U.S. above-quota tariff is prohibitive at **well over 100 percent**, one of the highest tariffs in the U.S. schedule.
- The United States will establish tariff-rate quotas for Central American countries starting at 99,000 metric tons in the first year (2,000 metric tons of the total is organic sugar, which does not compete with product under the TRQ), growing to about 140,000 metric tons over fifteen years. Annual U.S. production is about 8.1 million metric tons.
- Approval of CAFTA would **not have a destabilizing effect on the U.S. sugar program**. Under the current Farm Bill, Congress set a "trigger" of about 1.4 million metric tons of total imports; the domestic sugar program is unaffected when imports are below this amount. In 2003, the U.S. only imported 1.1 million metric tons, leaving a 300,000 mt "cushion." Modestly increased imports from CAFTA fall comfortably within this amount.
- Increased sugar imports from CAFTA countries would amount to **less than one-quarter of one percent** of total annual U.S.-Central American trade. Sugars and sweeteners account for **less than one percent** of U.S. farm cash receipts, and about one percent of U.S. agricultural exports.
- Farms growing sugar account for less than **one-half of one percent** of all U.S. farms. By contrast, 42% of all U.S. farms raise beef cattle, 23% grow corn, 19% grow soybeans, and 6% raise hogs. All these commodities will see significant benefits from CAFTA through lower tariffs and more market access.